



**PACC OFFSHORE SERVICES HOLDINGS LTD.**

Registration Number: 200603185Z

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE SECOND QUARTER AND THE SIX MONTHS ENDED 30 JUNE 2017

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**Introduction**

PACC Offshore Services Holdings Ltd. ("POSH") is one of Asia's largest operators of offshore support vessels, with a diversified fleet servicing offshore oil and gas exploration and production activities. With four distinct operating segments: Offshore Supply Vessels, Transportation and Installation, Offshore Accommodation and Harbour Services and Emergency Response, POSH's offshore support vessels perform anchor handling services, ocean towage and installation, ocean transportation, heavy-lift and offshore accommodation services as well as harbour towage and emergency response services.

As of 30 June 2017, the POSH Group (including joint ventures) operated a combined fleet of 122 vessels with another 9 vessels on order, comprising Anchor Handling Tug Supply Vessels, Anchor Handling Tugs, Maintenance Utility Vessels, Platform Supply Vessels, Light Construction Vessels, Accommodation Vessels and Harbour Tugs.

The POSH fleet operates worldwide, serving offshore oilfields in Asia, Australasia, Africa, Middle-East and Latin America, providing vessels and services for projects involving many of the world's major oil companies, as well as many large international offshore contractors.

For more information on POSH, please visit [www.posh.com.sg](http://www.posh.com.sg).

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**1(a)(i). Group Income Statement**

	Group					
	Quarter ended			6 Months ended		
	30-Jun-17 US\$'000	30-Jun-16 US\$'000	% Change	30-Jun-17 US\$'000	30-Jun-16 US\$'000	% Change
Revenue	42,434	46,109	-8%	76,755	104,806	-27%
Cost of sales	(45,166)	(44,276)	2%	(84,501)	(88,928)	-5%
<b>Gross (loss)/profit</b>	<b>(2,732)</b>	1,833	NM	<b>(7,746)</b>	15,878	NM
Other operating income	2,196	1,230	79%	3,568	2,995	19%
Distribution costs	(294)	(307)	-4%	(458)	(495)	-7%
General and administrative expenses	(6,969)	(13,412)	-48%	(12,203)	(25,611)	-52%
Finance costs	(5,123)	(3,354)	53%	(9,868)	(6,263)	58%
Share of joint ventures' result	4,645	(3,118)	NM	207	1,738	-88%
<b>Loss before taxation</b>	<b>(8,277)</b>	(17,128)	-52%	<b>(26,500)</b>	(11,758)	125%
Taxation	(857)	(422)	103%	(1,036)	(1,409)	-26%
<b>Net loss for the period</b>	<b>(9,134)</b>	(17,550)	-48%	<b>(27,536)</b>	(13,167)	109%
<b>Loss attributable to:</b>						
Equity holders of the Company	(9,109)	(17,527)	-48%	(27,486)	(13,076)	110%
Non-controlling interests	(25)	(23)	9%	(50)	(91)	-45%
	<b>(9,134)</b>	(17,550)	-48%	<b>(27,536)</b>	(13,167)	109%

NM denotes "Not Meaningful".

**1(a)(ii). Profit before taxation is arrived at after (charging)/crediting the following significant items.**

	Group			
	Quarter ended		6 Months Ended	
	30-Jun-17 US\$'000	30-Jun-16 US\$'000	30-Jun-17 US\$'000	30-Jun-16 US\$'000
Amortisation of intangible assets	(10)	(12)	(16)	(23)
Depreciation of fixed assets	(15,576)	(16,635)	(30,598)	(32,433)
Exchange (loss)/gain	(52)	(114)	(17)	125
Fixed assets written-off	-	(154)	-	(424)
(Loss)/gain on disposal of fixed assets	(99)	278	(26)	531
Interest income	481	524	991	1,183
Interest expense	(5,123)	(3,354)	(9,868)	(6,263)
Allowance for doubtful debts	(231)	(6,469)	(157)	(11,184)

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**1(a)(iii). Consolidated Statement of Comprehensive Income**

	Group					
	Quarter ended			6 Months ended		
	30-Jun-17 US\$'000	30-Jun-16 US\$'000	% Change	30-Jun-17 US\$'000	30-Jun-16 US\$'000	% Change
<b>Net loss for the period</b>	<b>(9,134)</b>	(17,550)	-48%	<b>(27,536)</b>	(13,167)	109%
<b>Other comprehensive loss:</b> Items that may be reclassified subsequently to profit or loss						
Cash flow hedges-fair value loss	<b>(3,399)</b>	(1,613)	111%	<b>(3,159)</b>	(1,613)	96%
<b>Other comprehensive loss for the period</b>	<b>(3,399)</b>	(1,613)	111%	<b>(3,159)</b>	(1,613)	96%
<b>Total comprehensive loss for the period</b>	<b>(12,533)</b>	(19,163)	-35%	<b>(30,695)</b>	(14,780)	108%
<b>Total comprehensive loss for the period attributable to:</b>						
Equity holders of the Company	<b>(12,508)</b>	(19,140)	-35%	<b>(30,645)</b>	(14,689)	109%
Non-controlling interests	<b>(25)</b>	(23)	9%	<b>(50)</b>	(91)	-45%
	<b>(12,533)</b>	(19,163)	-35%	<b>(30,695)</b>	(14,780)	108%

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1(b)(i). **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-17</b>	<b>31-Dec-16</b>	<b>30-Jun-17</b>	<b>31-Dec-16</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current assets</b>				
Goodwill	57,125	57,125	-	-
Fixed assets	1,191,834	1,184,927	61,065	96,638
Intangible assets	98	12	-	-
Due from joint ventures	30,344	21,834	25,141	21,834
Investment in subsidiaries	-	-	331,616	331,616
Investment in joint ventures	64,256	63,189	44,507	44,507
Receivables and other non-current assets	1,802	1,982	-	-
Derivatives	3,825	5,600	-	-
	<b>1,349,284</b>	<b>1,334,669</b>	<b>462,329</b>	<b>494,595</b>
<b>Current assets</b>				
Consumables	2,324	1,677	-	-
Receivables and other current assets	83,965	79,626	3,558	3,443
Due from subsidiaries, joint ventures and related companies	73,669	72,013	906,017	860,585
Cash and cash equivalents	14,759	15,058	6,923	3,850
	<b>174,717</b>	<b>168,374</b>	<b>916,498</b>	<b>867,878</b>
Fixed assets classified as held for sale	-	2,547	-	-
	<b>174,717</b>	<b>170,921</b>	<b>916,498</b>	<b>867,878</b>
<b>Total assets</b>	<b>1,524,001</b>	<b>1,505,590</b>	<b>1,378,827</b>	<b>1,362,473</b>
<b>Non-current liabilities</b>				
Bank borrowings	478,915	439,225	250,000	200,000
Derivatives	1,384	-	1,239	-
Deferred tax liabilities	414	414	-	-
	<b>480,713</b>	<b>439,639</b>	<b>251,239</b>	<b>200,000</b>
<b>Current liabilities</b>				
Payables and accruals	83,694	73,561	16,722	20,259
Advances received from customers	792	198	-	-
Due to subsidiaries, joint ventures and related companies	39,486	31,806	37,192	51,429
Due to holding company	122	195	122	195
Bank borrowings	257,630	269,107	237,010	248,487
Provision for taxation	3,542	2,821	2,372	2,128
	<b>385,266</b>	<b>377,688</b>	<b>293,418</b>	<b>322,498</b>
<b>Total liabilities</b>	<b>865,979</b>	<b>817,327</b>	<b>544,657</b>	<b>522,498</b>
<b>Equity</b>				
Share capital	827,201	827,201	827,201	827,201
Treasury shares	(1,434)	(1,828)	(1,434)	(1,828)
Accumulated (losses)/ retained profits	(170,425)	(142,939)	9,582	14,602
Other reserves	2,799	5,898	(1,179)	-
	<b>658,141</b>	<b>688,332</b>	<b>834,170</b>	<b>839,975</b>
Non-controlling interest	(119)	(69)	-	-
<b>Total equity</b>	<b>658,022</b>	<b>688,263</b>	<b>834,170</b>	<b>839,975</b>
<b>Total liabilities and equity</b>	<b>1,524,001</b>	<b>1,505,590</b>	<b>1,378,827</b>	<b>1,362,473</b>

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**1(b)(ii). Aggregate amount of the Group's borrowings and debt securities.**

	As at 30-Jun-17		As at 31-Dec-16	
	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000	Secured US\$'000
(i) Amount payable in one year or less, or on demand	237,010	20,620	248,487	20,620
(ii) Amount repayable after one year	250,000	228,915	200,000	239,225

**1(c). A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			
	Quarter Ended		6 Months Ended	
	30-Jun-17 US\$'000	30-Jun-16 US\$'000	30-Jun-17 US\$'000	30-Jun-16 US\$'000
<b>Cash flows from operating activities</b>				
Loss before taxation	(8,277)	(17,128)	(26,500)	(11,758)
Adjustments for:				
Amortisation of prepayments	91	91	182	182
Amortisation of intangible assets	10	12	16	23
Depreciation of fixed assets	15,576	16,635	30,598	32,433
Grant of equity-settled share options to employees	35	-	60	-
Fixed assets written off	-	154	-	424
Allowance for doubtful debts-trade	231	6,469	157	11,184
Loss/(gain) on disposal of fixed assets	99	(278)	26	(531)
Shares of joint ventures' results	(4,645)	3,118	(207)	(1,738)
Interest expense	5,123	3,354	9,868	6,263
Interest income	(481)	(524)	(991)	(1,183)
Unrealised exchange (gain)/loss	(2)	5	(61)	(172)
Operating cash flows before working capital changes	7,760	11,908	13,148	35,127
Changes in working capital				
Decrease/(increase) in consumables	120	163	(647)	(602)
Decrease/(increase) in receivables and other assets	3,127	2,696	(4,756)	7,409
Increase in due to related companies	813	-	1,662	-
Increase/(decrease) in payables and accruals	7,061	(1,826)	11,204	(4,741)
Cash generated from operations	18,881	12,941	20,611	37,193
Interest paid	(4,573)	(2,874)	(9,929)	(6,382)
Interest received	846	766	1,251	1,296
Income taxes paid	(287)	(545)	(315)	(1,473)
<b>Net cash generated from operating activities</b>	<b>14,867</b>	<b>10,288</b>	<b>11,618</b>	<b>30,634</b>
<b>Cash flows from investing activities</b>				
Acquisition of intangible assets	(12)	-	(102)	(15)
Acquisition of fixed assets	(31,023)	(35,373)	(43,836)	(69,122)
Proceeds from disposal of fixed assets	-	633	2,679	1,412
Increase in due to related companies	553	-	2,041	-
(Increase)/decrease in due from joint ventures	(1,265)	2,551	(874)	3,472
<b>Net cash used in investing activities</b>	<b>(31,747)</b>	<b>(32,189)</b>	<b>(40,092)</b>	<b>(64,253)</b>

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	Group			
	Quarter Ended		6 Months Ended	
	30-Jun-17 US\$'000	30-Jun-16 US\$'000	30-Jun-17 US\$'000	30-Jun-16 US\$'000
<b>Cash flows from financing activities</b>				
Capital injection from non-controlling interest of a subsidiary	-	-	-	67
Purchase of treasury shares	(25)	-	(25)	(151)
Dividends paid	-	(6,704)	-	(6,704)
Proceeds from bank borrowings	19,835	23,388	28,213	41,493
Increase/(decrease) in due to joint ventures and related companies	-	3,570	-	(3,070)
Decrease in due to a holding company	-	(613)	(74)	(464)
<b>Net cash generated from financing activities</b>	<b>19,810</b>	<b>19,641</b>	<b>28,114</b>	<b>31,171</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,930</b>	<b>(2,260)</b>	<b>(360)</b>	<b>(2,448)</b>
Effect of exchange rate changes on cash and cash equivalents	2	(5)	61	172
Cash and cash equivalents at beginning of period	11,827	13,768	15,058	13,779
<b>Cash and cash equivalents at end of period</b>	<b>14,759</b>	<b>11,503</b>	<b>14,759</b>	<b>11,503</b>

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**1(d)(i). A statement (for the issuer and group) showing either (i) all the changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Attributable to Shareholders of the Company							Non-controlling interest US\$'000	Total US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Accumulated (losses)/ retained profits US\$'000	Hedging reserve US\$'000	Employee share option reserves US\$'000	Exchange reserves US\$'000			
<b>The Group</b>									
Balance at 1 Jan 2017	827,201	(1,828)	(142,939)	5,600	-	298	(69)	688,263	
Treasury shares reissued pursuant to employee share options plans	-	419	-	-	-	-	-	419	
Grant of equity-settled share options to employee	-	-	-	-	25	-	-	25	
Loss for the period	-	-	(18,377)	-	-	-	(25)	(18,402)	
Other comprehensive income	-	-	-	240	-	-	-	240	
<b>Total comprehensive loss for the period</b>	-	-	(18,377)	240	-	-	(25)	(18,162)	
Balance at 31 Mar 2017	827,201	(1,409)	(161,316)	5,840	25	298	(94)	670,545	
Purchase of treasury shares	-	(25)	-	-	-	-	-	(25)	
Grant of equity-settled share options to employee	-	-	-	-	35	-	-	35	
Loss for the period	-	-	(9,109)	-	-	-	(25)	(9,134)	
Other comprehensive loss	-	-	-	(3,399)	-	-	-	(3,399)	
<b>Total comprehensive loss for the period</b>	-	-	(9,109)	(3,399)	-	-	(25)	(12,533)	
<b>Balance at 30 Jun 2017</b>	<b>827,201</b>	<b>(1,434)</b>	<b>(170,425)</b>	<b>2,441</b>	<b>60</b>	<b>298</b>	<b>(119)</b>	<b>658,022</b>	
Balance at 1 Jan 2016	827,201	(1,669)	235,213	-	-	298	-	1,061,043	
Purchase of treasury shares	-	(151)	-	-	-	-	-	(151)	
Incorporation of a subsidiary	-	-	-	-	-	-	67	67	
Profit/(loss) for the period, representing total comprehensive income/(loss) for the period	-	-	4,451	-	-	-	(68)	4,383	
Balance at 31 Mar 2016	827,201	(1,820)	239,664	-	-	298	(1)	1,065,342	
Dividend paid	-	-	(6,704)	-	-	-	-	(6,704)	
Loss for the period	-	-	(17,527)	-	-	-	(23)	(17,550)	
Other comprehensive loss	-	-	-	(1,613)	-	-	-	(1,613)	
<b>Total comprehensive loss for the period</b>	-	-	(17,527)	(1,613)	-	-	(23)	(19,163)	
<b>Balance at 30 Jun 2016</b>	<b>827,201</b>	<b>(1,820)</b>	<b>215,433</b>	<b>(1,613)</b>	<b>-</b>	<b>298</b>	<b>(24)</b>	<b>1,039,475</b>	

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<u>The Company</u>	Share capital US\$'000	Treasury shares US\$'000	Retained profits US\$'000	Hedging reserves US\$'000	Employee share option reserves US\$'000	Total US\$'000
<b>Balance at 1 Jan 2017</b>	827,201	(1,828)	14,602	-	-	839,975
<b>Treasury shares reissued pursuant to employees share option plans</b>	-	419	-	-	-	419
<b>Grant of equity-settled share options to employees</b>	-	-	-	-	25	25
<b>Loss for the period</b>	-	-	(1,691)	-	-	(1,691)
<b>Other comprehensive income</b>	-	-	-	173	-	173
<b>Total comprehensive loss for the period</b>	-	-	(1,691)	173	-	(1,518)
<b>Balance at 31 Mar 2017</b>	827,201	(1,409)	12,911	173	25	838,901
<b>Purchase of treasury shares</b>	-	(25)	-	-	-	(25)
<b>Grant of equity-settled share options to employees</b>	-	-	-	-	35	35
<b>Loss for the period</b>	-	-	(3,329)	-	-	(3,329)
<b>Other comprehensive loss</b>	-	-	-	(1,412)	-	(1,412)
<b>Total comprehensive loss for the period</b>	-	-	(3,329)	(1,412)	-	(4,741)
<b>Balance at 30 Jun 2017</b>	827,201	(1,434)	9,582	(1,239)	60	834,170
Balance at 1 Jan 2016	827,201	(1,669)	218,079	-	-	1,043,611
Purchase of treasury shares	-	(151)	-	-	-	(151)
Loss for the period, representing total comprehensive loss for the period	-	-	(3,022)	-	-	(3,022)
Balance at 31 Mar 2016	827,201	(1,820)	215,057	-	-	1,040,438
Dividend paid	-	-	(6,704)	-	-	(6,704)
Loss for the period, representing total comprehensive loss for the period	-	-	(809)	-	-	(809)
Balance at 30 Jun 2016	827,201	(1,820)	207,544	-	-	1,032,925



**1(d)(ii). Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issue of equity securities, issue of shares for cash or consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's share capital since the end of the previous period reported on.

Movement in the Company's treasury shares during the three months ended 30 June 2017 was as follows:

	Number of shares
Balance as at 1 April 2017	6,179,900
Purchase of treasury shares	119,200
Balance as at 30 June 2017	<u>6,299,100</u>

As at 30 June 2017, 6,299,100 treasury shares were held by the Company (30 June 2016: 8,014,900) representing 0.3% (30 June 2016: 0.4%) of the total number of issued shares (excluding treasury shares).

**1(d)(iii). To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued ordinary shares (excluding treasury shares) as at 30 June 2017 was 1,813,700,900 (30 June 2016: 1,811,985,100).

**1(d)(iv). A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

During the six months ended 30 June 2017, the Company reissued 1,873,000 (30 June 2016: nil) treasury shares to its eligible employees upon vesting of shares released under the Company's Performance Share Plan.

**1(d)(v). A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

None.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The financial statements for the period under review have not been audited or reviewed by the auditor.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting year consistent with those of the audited financial statements for the year ended 31 December 2016.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of, the change.**

On 1 January 2017, the Group and the Company adopted all new and revised FRSs and interpretation of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017. The adoption of these new/revised FRSs and INT FRSs did not result in significant changes to the Group's and the Company's accounting policy.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding year, after deducting any provision for the preference dividends; (a) Based on weighted average number of shares and (b) On a fully diluted basis (detailing any adjustments made to the earnings)**

	Group			
	Quarter Ended		6 Months Ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
Net loss attributable to equity holders of the Company (US\$'000)	(9,109)	(17,527)	(27,486)	(13,076)
Weighted average ordinary shares for calculation ('000)				
- Basic	1,833,733	1,811,985	1,813,790	1,812,042
- On fully diluted basis	1,833,733	1,813,858	1,813,790	1,813,699
Loss per ordinary shares ("EPS") (US cents)				
(i) Based on weighted average number of ordinary shares issued	(0.50)	(0.97)	(1.52)	(0.72)
(ii) On fully diluted basis	(0.50)	(0.97)	(1.52)	(0.72)

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	As at 30-Jun-17	As at 31-Dec-16	As at 30-Jun-17	As at 31-Dec-16
Net asset value (US\$'000)	658,022	688,263	834,170	839,975
Total number of ordinary shares issued ('000)	1,813,701	1,811,947	1,813,701	1,811,947
Net asset value per ordinary shares (US cents)	36.28	37.98	45.99	46.36

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**  
 (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
 (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Income Statement**

**2nd Quarter 2017 ("Q2 FY17") vs 2nd Quarter 2016 ("Q2 FY16")**

	Revenue			Gross Profit			Gross Profit Margin	
	Q2 FY17	Q2 FY16	%	Q2 FY17	Q2 FY16	%	Q2 FY17	Q2 FY16
	US\$ '000	US\$ '000	Change	US\$ '000	US\$ '000	Change	%	%
Offshore Supply Vessels ("OSV")	20,468	19,665	4%	(82)	(2,746)	-97%	0%	-14%
Offshore Accommodation ("OA")	12,689	16,612	-24%	(4,255)	2,736	NM	-34%	16%
Transportation & Installation ("T&I")	4,175	3,856	8%	470	179	163%	11%	5%
Harbour Services and Emergency Response ("HSER")	5,102	5,976	-15%	1,135	1,664	-32%	22%	28%
	<b>42,434</b>	<b>46,109</b>	<b>-8%</b>	<b>(2,732)</b>	<b>1,833</b>	<b>NM</b>	<b>-6%</b>	<b>4%</b>

With charter rates and utilisation continuing to be under pressure, market conditions remained challenging. In Q2 FY17, the Group registered revenue of US\$42.4 million, 8% decrease from US\$46.1 million in Q2 FY16. This was mainly due to lower contribution from OA and HSER segments.

**OSV**

OSV segment revenue increased by 4% to US\$20.5 million (Q2 FY16: US\$19.7 million) due to improved utilisation of 64% (Q2 FY16: 58%) mainly attributable to increased deployment of vessels under our long-term charters with a Middle East National Oil Company. Correspondingly, the OSV segment recorded a lower gross loss of US\$0.08 million in Q2 FY17 compared to US\$2.7 million in Q2 FY16.

**OA**

OA segment revenue decreased by 24% to US\$12.7 million (Q2 FY16: US\$16.6 million) as POSH Xanadu, Semi-Submersible Accommodation Vessel ("SSAV"), and two of the Light Construction Vessels ("LCVs") were not deployed during the current quarter. As such, the segment registered gross loss of US\$4.3 million as compared to gross profit of US\$2.7 million in Q2 FY16.

**T&I**

T&I segment revenue increased by 8% to US\$4.2 million (Q2 FY16: US\$3.9 million) mainly due to higher utilisation of 48% (Q2 FY16: 35%). The segment registered an improved gross profit of US\$0.5 million (Q2 FY16: US\$0.2 million).

**Income Statement (cont'd)**

**2nd Quarter 2017 ("Q2 FY17") vs 2nd Quarter 2016 ("Q2 FY16") (cont'd)**

HSER

HSER revenue decreased by 15% to US\$5.1 million (Q2 FY16: US\$6.0 million) mainly due to lower overseas and spot charters for Harbour Tugs.

General & administrative ("G&A") expenses and other income

G&A expenses decreased by US\$6.4 million or 48% to US\$7.0 million (Q2 FY16: US\$13.4 million) mainly due to allowance for doubtful debts of US\$6.5 million provided in Q2 FY16.

Finance costs increased by 53% or US\$1.8 million due to higher loan balances and higher interest rates in Q2 FY17.

The Group's share of results from joint ventures ("JVs") registered a profit of US\$4.6 million in Q2 FY17 compared to a loss of US\$3.1 million in Q2 FY16. This was largely contributed from POSH Terasea as the JV executed and completed several major towage and positioning projects in Q2 FY17.

The Group recorded a net loss attributable to shareholders of US\$9.1 million in Q2 FY17 compared to US\$17.5 million in Q2 FY16.

**6 Months ended 30 June 2017 ("1H FY17") vs 6 Months ended 30 June 2016 ("1H FY16")**

	Revenue			Gross (Loss)/Profit			Gross (Loss)/Profit Margin	
	1H FY17	1H FY16	%	1H FY17	1H FY16	%	1H FY17	1H FY16
	US\$ '000	US\$ '000	Change	US\$ '000	US\$ '000	Change	%	%
Offshore Supply Vessels ("OSV")	34,869	40,650	-14%	(4,792)	(3,206)	49%	-14%	-8%
Offshore Accommodation ("OA")	22,664	45,045	-50%	(6,927)	15,033	NM	-31%	33%
Transportation & Installation ("T&I")	8,424	8,641	-3%	1,732	1,219	42%	21%	14%
Harbour Services and Emergency Response ("HSER")	10,798	10,470	3%	2,241	2,832	-21%	21%	27%
	<b>76,755</b>	<b>104,806</b>	<b>-27%</b>	<b>(7,746)</b>	<b>15,878</b>	<b>NM</b>	<b>-10%</b>	<b>15%</b>

In 1H FY17, the Group registered revenue of US\$76.8 million (1H FY16: US\$104.8 million), a decrease of 27% or US\$28.0 million. This was mainly due to lower charter rates and utilisation across the major business segments. As such, the Group recorded gross loss of US\$7.7 million in 1H FY17 compared to gross profit of US\$15.9 million in 1H FY16.

OSV

OSV segment revenue decreased by 14% to US\$34.9 million (1H FY16: US\$40.7 million) mainly due to oversupply of offshore support vessels in the market, which led to reduced charter rates and lower utilisation of 61% (1H FY16: 63%). Consequently, the segment incurred gross loss of US\$4.8 million in 1H FY17 (1H FY16: US\$3.2 million).

OA

OA segment revenue decreased by 50% to US\$22.7 million (1H FY16: US\$45.0 million) mainly due to lower revenue contribution from POSH Xanadu (SSAV) which ended its charter in March 2017, and lower utilisation of other accommodation vessels. Consequently, the segment incurred gross loss of US\$6.9 million in 1H FY17 compared to gross profit of US\$15.0 million in 1H FY16.

T&I

T&I segment revenue decreased by 3% to US\$8.4 million (1H FY16: US\$8.6 million) mainly due to lower charter rates. However, gross profit was higher at US\$1.7 million (1H FY16: US\$1.2 million) due to lower operating expenses.

### **Income Statement (cont'd)**

#### **6 Months ended 30 June 2017 ("1H FY17") vs 6 Months ended 30 June 2016 ("1H FY16") (cont'd)**

##### HSER

HSER segment registered a 3% increase in revenue to US\$10.8 million (1H FY16: US\$10.5 million) mainly due to higher salvage and diving revenue offset by lower charters for Harbour Tugs. The lower gross profit of US\$2.2 million in 1H FY17 (1H FY16: US\$2.8 million) was due to higher operating costs and depreciation expenses as new vessels were added to the division.

##### General & administrative ("G&A") expenses and other expenses/income

G&A expenses decreased by 52% or US\$13.4 million to US\$12.2 million (1H FY16: US\$25.6 million) mainly due to lower allowance for doubtful debts and personnel expenses incurred in 1H FY17.

Finance costs increased by 58% or US\$3.6 million to US\$9.9 million (1H FY16: US\$6.3 million) mainly due to higher loan balances and higher interest rates in 1H FY17.

The Group's share of joint ventures' results decreased by 88% to US\$0.2 million in 1H FY17 (1H FY16: US\$1.7 million) mainly due to lower vessels utilisation in other JVs, offset by better performance of POSH Terasea in Q2 FY17.

The Group's net loss attributable to shareholders was US\$27.5 million in 1H FY17 as compared to US\$13.1 million in 1H FY16.

### **Statement of Financial Position**

The Group's net asset was US\$658.0 million as at 30 June 2017.

Increase in receivables and other current assets were mainly due to higher turnover days in the period.

The Group has net current liabilities of US\$210.5 million mainly due to bank borrowings due within one year.

### **Statement of Cash Flows**

The Group generated net operating cash flow of US\$11.6 million in 1H FY17 compared to US\$30.6 million in 1H FY16. The lower net operating cash flow was mainly due to higher losses and interest expense offset by working capital changes.

Net cash used in investing activities of US\$40.1 million in 1H FY17 (1H FY16: US\$64.3 million) was mainly due to payment for vessels under construction.

The Group's net cash generated from financing activities in 1H FY17 was US\$28.1 million mainly due to proceeds from bank borrowings (1H FY16: US\$31.2 million).

**9. *Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.***

None.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Oil prices remained below US\$50 per barrel despite efforts by oil producing countries to curb oil production, resulting in a lack of new field development.

The oversupply situation for all vessel categories continues to exert pressure on charter rates and vessel utilisation, and this will have a negative impact on the Group's financial performance for the year.

As at 30 Jun 2017, the Group has deployed six vessels to the Middle East to perform their charter contracts with a National Oil Company and another six vessels will be deployed progressively in 2H FY17.

After the successful towage and positioning of the INPEX Ichthys Central Processing Facilities ("CPF") in Q2 FY17, our POSH Terasea JV will be executing the towage and positioning of the INPEX Ichthys FPSO and the Shell Prelude FLNG platform in Q3 FY17 and the Egina FPSO unit in Q4 FY17. After the positioning of the Shell Prelude FLNG platform is completed, our 750-pax Semi-Submersible Accommodation Vessel, POSH Arcadia will provide accommodation support for the hook-up and commissioning of the project.

While other oil producing regions had slowed down given the weak market conditions, the Middle East and West Africa remain as key regions where oil majors continue to issue tenders for vessel requirements. The Group will continue to participate actively in tenders and focus in these regions.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Not Applicable

**(c) Date payable**

Not Applicable

**(d) Book closure date**

Not Applicable

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the current period reported on.

13. ***If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.***

Pursuant to Rule 920(2) of the listing manual of the SGX-ST, a renewal of general mandate has been obtained for the Group to enter into Interested Person Transactions with our Interested Persons as set out in the circular to the shareholders of the Company dated 10 April 2017. During the six months ended 30 June 2017, the following Interested Person Transactions were entered into by the Group

Name of interested person	Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	US\$' 000	US\$' 000
KSL Corporate Services Pte Ltd	-	1,191
DP Shipbuilding & Engineering Pte Ltd	-	1,582
GWC Commercial Pte Ltd	-	3,271
DDW PaxOcean Shipyard Pte Ltd	-	217
Manis Shipping Pte Ltd	-	986
PaxOcean Engineering Zhoushan Co., Ltd	-	214
PaxOcean Engineering Zhuhai Co., Ltd	-	971
<b>TOTAL</b>	-	<b>8,432</b>

14. ***Negative confirmation pursuant to Rule 705(5).***

The Board hereby confirms that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 30 June 2017 to be false or misleading in any material respect.

15. ***Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).***

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**On behalf of the Board of Directors**

**Kuok Khoon Ean**  
**Chairman**

**Gerald Seow**  
**Chief Executive Officer/Director**

01 August 2017